



General Assembly

January Session, 2005

***Raised Bill No. 6709***

LCO No. 3581

\*03581\_\_\_\_\_HED\*

Referred to Committee on Higher Education and Employment  
Advancement

Introduced by:  
(HED)

***AN ACT CONCERNING THE CONNECTICUT STUDENT LOAN  
FOUNDATION.***

Be it enacted by the Senate and House of Representatives in General  
Assembly convened:

1 Section 1. Section 10a-201 of the general statutes is repealed and the  
2 following is substituted in lieu thereof (*Effective July 1, 2005*):

3 There is hereby created a nonprofit corporation which shall be  
4 known as the Connecticut Student Loan Foundation. The purpose of  
5 said corporation shall be to improve educational opportunity and  
6 promote repayment of loans. Improving educational opportunity shall  
7 include, but not be limited to, the following: (1) Guaranteeing loans for  
8 persons to assist them in meeting the expenses of education; (2)  
9 lending funds or acquiring loans made to persons to assist them in  
10 meeting the expenses of education; and (3) providing appropriate  
11 services incident to the administration of programs which are  
12 established to improve educational opportunities, all in accordance  
13 with the provisions of this chapter. Said corporation shall be exempt  
14 from all requirements of chapter 602 and the licensing requirement of  
15 chapter 668.

16 Sec. 2. Subsection (f) of section 10a-202 of the general statutes is  
17 repealed and the following is substituted in lieu thereof (*Effective July*  
18 *1, 2005*):

19 (f) "Eligible lender" means "eligible lender", as defined in Title IV,  
20 Part B of the Higher Education Act of 1965, where applicable.

21 Sec. 3. Subsection (a) of section 10a-203 of the general statutes is  
22 repealed and the following is substituted in lieu thereof (*Effective July*  
23 *1, 2005*):

24 (a) Said corporation shall be governed and all of its corporate  
25 powers exercised by a board of directors which shall consist of  
26 [thirteen] fourteen members, as follows: The chairperson of the Board  
27 of Governors of Higher Education and the Commissioner of Higher  
28 Education; seven public members appointed by the Governor, at least  
29 one of whom shall represent the private colleges, and commencing  
30 with the next regular appointments made on and after July 1, 1984, at  
31 least one shall be a financial aid officer at an eligible institution and at  
32 least one shall be a person having a favorable reputation for skill,  
33 knowledge and experience in management of a private company or  
34 lending institution at least as large as the corporation and all of whom  
35 shall be electors of this state; [and] one public member appointed by  
36 the board of directors, who shall have, through education or  
37 experience, an understanding of relevant accounting principles and  
38 practices, financial statements and audit committee functions and  
39 knowledge of internal controls, whom shall be an elector of this state  
40 two members from the House of Representatives, one appointed by  
41 the speaker of the House of Representatives and one appointed by the  
42 minority leader of the House of Representatives; and two members  
43 from the Senate, one appointed by the president pro tempore of the  
44 Senate and one appointed by the minority leader of the Senate. Those  
45 members who are appointed by the Governor and by the board of  
46 directors shall serve for terms of four years each from July first in the  
47 year of their appointment and until their successors have been

48 appointed. Those members who are appointed by the speaker of the  
49 House of Representatives, the minority leader of the House of  
50 Representatives, the president pro tempore of the Senate and the  
51 minority leader of the Senate shall be appointed for terms of two years  
52 from January fifteenth in the year of their appointment. The term of  
53 each appointed member of the board shall be coterminous with the  
54 term of the appointing authority or until a successor is chosen,  
55 whichever is later. The board of directors shall elect, from its own  
56 members each year, a chairperson and a vice-chairperson who shall  
57 serve for terms of one year and who shall be eligible for reelection for  
58 successive terms. Vacancies shall be filled for the unexpired term in the  
59 same manner as original appointments. Directors shall receive no  
60 compensation for their services but shall be reimbursed for their  
61 expenses actually and necessarily incurred by them in the performance  
62 of their duties under this chapter. Any member may designate in  
63 writing to the chairperson of the board of directors a representative to  
64 act in the place of such member at a meeting or meetings, with all  
65 rights and obligations at such meeting as the member represented  
66 would have had at the meeting.

67 Sec. 4. Section 10a-204 of the general statutes is repealed and the  
68 following is substituted in lieu thereof (*Effective July 1, 2005*):

69 The board of directors shall have the following powers:

70 (1) To lend money or guarantee the loan of money, and to acquire  
71 and sell loans, upon such terms and conditions as the board [or any  
72 rating agency or underwriter] may prescribe, within the limitations  
73 contained in this chapter and in Title IV, Part B of the Higher  
74 Education Act of 1965, where applicable, to assist persons in meeting  
75 the expenses of education; provided no such person shall receive any  
76 loan or loans in excess of such amounts as the board may authorize or  
77 amounts which are in conformance with Title IV, Part B of the Higher  
78 Education Act of 1965, where applicable. The board may procure a  
79 policy or policies of group life insurance to insure the repayment of

80 loans made or guaranteed by the corporation in the event of the death  
81 of an individual to whom a loan is made or guaranteed hereunder. The  
82 board may charge any person receiving a loan under the provisions of  
83 this subsection an amount deemed reasonable by the board but in no  
84 event shall such amount exceed the amount provided by the  
85 provisions of Title IV, Part B of the Higher Education Act of 1965,  
86 where applicable.

87 (2) To take, hold and administer, on behalf of the corporation and  
88 for any of its purposes, real property, personal property and moneys,  
89 or any interest therein, and the income therefrom, either absolutely or  
90 in trust, for any purpose of the corporation. The board of directors may  
91 acquire property or moneys for such purpose by purchase or lease and  
92 by the acceptance of gifts, grants, bequests, devises or loans; provided  
93 no obligation of the corporation shall be a debt of the state, and the  
94 corporation shall have no power to make its debts payable out of any  
95 moneys except those of the corporation. [ except that, if state  
96 appropriations are not sufficient to pay that portion of any loans which  
97 are to be repaid by the corporation under the provisions of subsection  
98 (c) of section 10a-206, the state shall guarantee to make such payments  
99 when due.]

100 (3) To enter into contracts with institutions of higher education,  
101 eligible lenders, nonprofit organizations or other legal entities  
102 providing for the origination, administration, servicing, custody,  
103 collection and guarantee of loans, investment agreements, agreements  
104 in connection with credit facilities, interest rate exchange agreements  
105 [to moderate interest fluctuations] and such other contracts and  
106 agreements including, but not limited to, such contracts and  
107 agreements with financial consultants, underwriters, counsel and  
108 technical specialists and other professionals as the board of directors  
109 shall deem necessary or desirable to the performance of its duties and  
110 the execution of its powers under this section.

111 (4) To sue and be sued in the name of the corporation. Process in

112 any action or proceeding may be served upon the Secretary of the  
113 State, as agent for the corporation, in the manner provided by  
114 subsection (b) of section 33-663.

115 (5) To create and operate the affairs of the corporation through a  
116 subsidiary or division, the dominant purpose of which shall be to carry  
117 out the purposes and provisions of this chapter.

118 (6) To adopt rules and regulations, not inconsistent with Title IV,  
119 Part B of the Higher Education Act of 1965, where applicable,  
120 governing the qualifications, including financial need, and application  
121 for and the granting, administration and terms of loans, financed,  
122 serviced, made or guaranteed by the corporation, and governing any  
123 other matters relating to the activities of the corporation.

124 (7) To issue bonds, notes or other obligations of the corporation, the  
125 interest on which shall be includable in the gross income of the holder  
126 or holders thereof for federal and state income tax purposes, to fund  
127 and refund the same, to provide for the rights of the holders thereof  
128 and to secure the same, all in accordance with section 10a-217.

129 (8) To perform such other acts as may be necessary or appropriate to  
130 carry out effectively the objects and purposes of the corporation, as  
131 specified in this chapter or in Title IV, Part B of the Higher Education  
132 Act of 1965, where applicable.

133 Sec. 5. Section 10a-204b of the general statutes is repealed and the  
134 following is substituted in lieu thereof (*Effective July 1, 2005*):

135 (a) The Connecticut Student Loan Foundation, a nonprofit  
136 corporation is authorized from time to time to issue its bonds, notes or  
137 other obligations in such principal amounts as in the opinion of the  
138 corporation shall be necessary to provide sufficient funds for carrying  
139 out the purposes set forth in [subsections (3) and (4)] subdivisions (2)  
140 and (3) of section 10a-201, as amended by this act, including the  
141 payment, funding or refunding of the principal of, or interest or

142 redemption premiums on, any bonds, notes or other obligations issued  
143 by it whether the bonds, notes or other obligations or interest to be  
144 funded or refunded have or have not become due, the establishment of  
145 reserves to secure such bonds, notes or other obligations and all other  
146 expenditures of the corporation incident to and necessary or  
147 convenient to carry out the purposes set forth in [subsections (3) and  
148 (4)] subdivisions (2) and (3) of section 10a-201, as amended by this act.

149 (b) Except as may be otherwise expressly provided herein or by any  
150 resolution adopted by the corporation authorizing the issuance of  
151 bonds, notes or other obligations every issue of bonds, notes or other  
152 obligations shall be general obligations of the corporation payable out  
153 of any moneys or revenues of the corporation subject only to [the  
154 limitation in the subsection and to] any agreements with the holders of  
155 particular bonds, notes or other obligations pledging any particular  
156 moneys or revenues, or any specific pool of loans acquired by, the  
157 corporation. Any such bonds, notes or other obligations may be  
158 additionally secured by a pledge of any grant or contributions from  
159 any department, agency or instrumentality of the United States or  
160 person or a pledge or assignment of any moneys, income or revenues  
161 of the corporation or payable to the corporation from any source  
162 whatsoever.

163 (c) Any provision of any law to the contrary notwithstanding, any  
164 bonds, notes or other obligations issued by the corporation pursuant to  
165 this section shall be fully negotiable within the meaning and for all  
166 purposes of title 42a, whether or not the form and character to so  
167 qualify under the terms thereof, subject only to the provisions of the  
168 authorizing resolution. Any such bonds are hereby made securities in  
169 which public officers and public bodies of the state and its political  
170 subdivisions, all insurance companies, credit unions, savings and loan  
171 associations, investment companies, banking associations, trust  
172 companies, executors, administrators, trustees and other fiduciaries  
173 and pension, profit-sharing and retirement funds may properly and  
174 legally invest funds, including capital in their control or belonging to

175 them, and are hereby made securities which may properly and legally  
176 be deposited with and received by any state or municipal officer or any  
177 agency or political subdivision of the state for any purpose for which  
178 the deposit of bonds or other obligations of the state is now or may  
179 hereafter be authorized by law.

180 (d) Bonds, notes or other obligations of the corporation shall be  
181 authorized by resolution of the corporation and may be issued in one  
182 or more series and shall bear such date or dates, mature at such time or  
183 times, in the case of any such note, or any renewal thereof, not  
184 exceeding five years from the date of the original issue of such notes,  
185 and, in the case of bonds, not exceeding [thirty] forty years from the  
186 date of the original issue of such bonds bear interest at such rate or  
187 rates, be in such denomination or denominations, be in such form,  
188 either coupon or registered, carry such conversion or registration  
189 privileges, have such rank or priority, be executed in such manner, be  
190 payable from such sources in such medium of payment at such place  
191 or places within or without this state, and be subject to such terms of  
192 redemption, with or without premium, as such resolution or  
193 resolutions may provide. Such resolution may delegate to the  
194 president of the corporation, acting solely or in combination with any  
195 one or more directors, the power to determine any details of such  
196 bonds, notes or other obligations and to award such bonds, notes or  
197 other obligations to purchasers.

198 (e) Bonds, notes or other obligations of the corporation may be sold  
199 at public or private sale at such price or prices as the corporation shall  
200 determine.

201 (f) Bonds, notes or other obligations of the corporation may be  
202 refunded and renewed from time to time as may be determined by  
203 resolution of the corporation, provided any such refunding or renewal  
204 shall be in conformity with any rights of the holders thereof.

205 (g) Bonds, notes or other obligations of the corporation issued under  
206 the provisions of this section shall not be deemed to constitute a debt

207 or liability of the state or of any political subdivision thereof other than  
 208 the corporation or a pledge of the faith and credit of the state or of any  
 209 such political subdivision other than the corporation, and shall not  
 210 constitute bonds or notes issued or guaranteed by the state within the  
 211 meaning of section 3-21 but shall be payable solely from the funds  
 212 herein provided therefor. All such bonds, [bond] notes or other  
 213 obligations shall contain on the face thereof a statement to the effect  
 214 that neither the state of Connecticut nor any political subdivision  
 215 thereof other than the corporation shall be obligated to pay the same or  
 216 the interest thereon except from revenues or other funds of the  
 217 corporation pledged therefor and that neither the faith and credit nor  
 218 the taxing power of the state of Connecticut or of any political  
 219 subdivision thereof other than the corporation is pledged to the  
 220 payment of the principal of or the interest on such bonds, notes or  
 221 other obligations.

222 (h) Any resolution or resolutions authorizing the issuance of bonds,  
 223 notes or other obligations may contain provisions, except as expressly  
 224 limited in this section and except as otherwise limited by existing  
 225 agreements with the holders of bonds, notes or other obligations,  
 226 which shall be a part of the contract with the holders thereof, as to the  
 227 following: [(i)] (1) The pledging and assignment of all or any part of  
 228 the moneys received by or payable the corporation (A) in payment of  
 229 loans and interest thereon, (B) as guarantee or insurance payments  
 230 with respect to loans and interest thereon, or (C) otherwise with  
 231 respect to loans and interest thereon and other moneys [received or to  
 232 be] received by or payable to the corporation, to secure the payment of  
 233 the principal of and interest on any bonds, notes or other obligations or  
 234 of any issue thereof; [(ii)] (2) the pledging and assignment of all or any  
 235 part of the assets of the corporation including, but not limited to, loans  
 236 and the rights to receive payments pursuant to and enforce contracts  
 237 with respect to loans and interest thereon, to secure the payment of  
 238 principal and interest on any bonds, notes or other obligations or of  
 239 any issue thereof; [(iii)] (3) the use and disposition of the gross income  
 240 from, and the payments of principal received by or payable to the



241 corporation on, loans held by or on behalf of the corporation; [(iv)] (4)  
 242 the establishment of reserves or sinking funds, the making of charges  
 243 and fees to provide for the same, and the regulation and disposition  
 244 thereof; [(v)] (5) limitations on the purpose to which the proceeds of  
 245 sale of bonds, notes or other obligations may be applied and pledging  
 246 such proceeds to secure the payment of the bonds, notes or other  
 247 obligations, or of any issues thereof; [(vi)] (6) limitations on the  
 248 issuance of additional bonds, notes or other obligations, [;] the terms  
 249 upon which additional bonds, notes or other obligations may be issued  
 250 and secured [;] and the refunding or purchase of outstanding bonds,  
 251 notes or other obligations of the corporation; [(vii)] (7) the procedure, if  
 252 any, by which the terms of any contract with the holders of any bonds,  
 253 notes or other obligations of the corporation may be amended or  
 254 abrogated, the amount of bonds, notes or other obligations the holders  
 255 of which must consent thereto, and the manner in which such consent  
 256 may be given; [(viii)] (8) limitations on the amount of moneys to be  
 257 expended by the corporation for operating, administrative or other  
 258 expenses of the corporation; [(ix)] (9) the vesting in a trustee or trustees  
 259 of such property, rights, powers and duties in trust as the corporation  
 260 may determine, which may include any or all of the rights, powers and  
 261 duties of any trustee appointed by the holders of any bonds, notes or  
 262 other obligations and limiting or abrogating the right of the holders of  
 263 any bonds, notes or other obligations of the corporation to appoint a  
 264 trustee under this chapter or limiting the rights, powers and duties of  
 265 such trustee; [(x)] (10) a trust agreement by and between the  
 266 corporation and a corporate trustee which may be any trust company  
 267 or bank having the powers of a trust company within or without the  
 268 state, which agreement may provide for the pledging or assigning of  
 269 any assets or income from assets to which or in which the corporation  
 270 has any rights or interests, and may further provide for such other  
 271 rights and remedies exercisable by the trustee as may be proper for the  
 272 protection of the holders of any bonds, notes or other obligations of the  
 273 corporation and not otherwise in violation of law, which agreement  
 274 may provide for the restriction of the rights and remedies of any

275 individual holder of bonds, notes or other obligations of the  
276 corporation and which agreement may contain any further provisions  
277 which are reasonable and proper to delineate further the respective  
278 rights, duties, safeguards, responsibilities and liabilities of the  
279 corporation, of individual and collective holders of bonds, notes and  
280 other obligations of the corporation and the trustee and may further  
281 provide that all expenses incurred in carrying out the provisions of  
282 such trust agreement may be treated as a part of the cost of operation  
283 of the corporation; [(xi)] (11) covenants to do or refrain from doing  
284 such acts and things as may be necessary or convenient or desirable in  
285 order to better secure any bonds, notes or other obligations of the  
286 corporation, or which, in the discretion of the corporation, will tend to  
287 make any bonds, notes or other obligations to be issued more  
288 marketable notwithstanding that such covenants, acts or things may  
289 not be enumerated herein; [(xii)] (12) the satisfaction of federal  
290 requirements; and [(xiii)] (13) any other matters of like or different  
291 character, which in any way affect the security or protection of the  
292 bonds, notes or other obligations.

293 (i) Any pledge made by the corporation of income, revenues or  
294 other property to secure bonds, notes or other obligations of the  
295 corporation shall be valid and binding from the time the pledge is  
296 made. The income, revenue or other property so pledged and  
297 thereafter received by or on behalf of the corporation shall  
298 immediately be subject to the lien of such pledge without any physical  
299 delivery thereof or further act, and the lien of any such pledge shall be  
300 valid and binding as against all parties having claims of any kind in  
301 tort, contract or otherwise against the corporation, irrespective of  
302 whether such parties have notice thereof. Any such lien shall have  
303 priority over all other liens, including, without limitation, the lien of  
304 any person who in the ordinary course of business furnishes services  
305 or materials to the corporation. Any provision of law to the contrary  
306 notwithstanding, neither possession nor the filing of any financing or  
307 continuation statement or other instrument shall be necessary with  
308 respect to any such income, revenues or other property to establish or

309 evidence the lien of any such pledge with respect thereto. Neither this  
310 section, nor any resolution authorizing bonds, notes or other  
311 obligations, nor any trust agreement nor any other instrument by  
312 which such a pledge is created need be recorded. Any pledge or lien  
313 described by this subsection shall be conclusively deemed to be a  
314 pledge or lien described by subdivision (14) of subsection (d) of section  
315 42a-9-109, notwithstanding that the corporation is neither a political  
316 subdivision nor an agency of the state.

317 (j) The corporation is authorized and empowered to obtain from any  
318 department, agency or instrumentality of the United States any  
319 insurance or guarantee as to, or of or for the payment or repayment of,  
320 interest or principal, or both, or any part thereof, on any loans, or on  
321 any bonds, notes or other obligations issued by the corporation  
322 pursuant to the provisions of this section and notwithstanding any  
323 other provisions of this chapter to enter into any agreement, contract  
324 or any other instrument whatsoever with respect to any such insurance  
325 or guarantee or with respect to the origination, servicing, collection  
326 and administration of loans, except to the extent that such action  
327 would in any way impair or interfere with the corporation's ability to  
328 perform and fulfill the terms of any agreement made with the holders  
329 of the bonds, notes or other obligations of the corporation.

330 (k) Neither the members of the board of directors of the corporation  
331 nor any person executing bonds, notes or other obligations issued  
332 pursuant to this section shall be liable personally on such bonds, notes  
333 or other obligations by reason of the issuance thereof. Any resolution  
334 authorizing the issuance of bonds, notes or other obligations may  
335 provide for the indemnification by the corporation of the members of  
336 the board of directors of the corporation and of any such person  
337 executing such bonds, notes or other obligations with respect to such  
338 bonds, notes or other obligations and the issuance thereof.

339 (l) The corporation shall have power to purchase bonds, notes or  
340 other obligations of the corporation out of any funds available therefor.

341 The corporation may hold, cancel or resell such bonds, notes or other  
342 obligations subject to and in accordance with agreements with holders  
343 of its bonds, notes and other obligations.

344 (m) All moneys received by or on behalf of the corporation pursuant  
345 to or subject to the pledge of any resolution or trust agreement  
346 authorized by this section, whether as proceeds from the sale of bonds  
347 or as revenues, shall be deemed to be trust funds to be held and  
348 applied solely as provided in such resolution or trust agreement.  
349 Subject to the provisions of any resolution authorizing the issuance of  
350 bonds, notes or other obligations, any such moneys may be invested in  
351 the Connecticut Short-Term Investment Fund and in such other  
352 investments and investment agreements as may be approved by  
353 resolution of the corporation. Any officer with whom, or any bank or  
354 trust company with which, such moneys shall be deposited shall act as  
355 trustee of such moneys and shall hold and apply the same for the  
356 purposes hereof, subject to such regulations as this chapter and the  
357 resolution authorizing the bonds of any issue or the trust agreement  
358 securing such bonds may provide.

359 (n) Any holder of bonds, notes or other obligations issued under the  
360 provisions of this section or any of the coupons appertaining thereto,  
361 and the trustee or trustees under any trust agreement, except to the  
362 extent the rights herein given may be restricted by any resolution  
363 authorizing the issuance of, or any such trust agreement securing, such  
364 bonds, notes or other obligations, may, either at law or in equity, by  
365 suit, action, mandamus or other proceedings, protect and enforce any  
366 and all rights under the laws of the state or granted hereunder or  
367 under such resolution or trust agreement, and may enforce and compel  
368 the performance of all duties required by this section or by such  
369 resolution or trust agreement to be performed by the corporation or by  
370 any officer, employee or agent of the corporation, including the  
371 appointment of a receiver to administer any loans.

372 (o) The corporation is authorized and empowered, from time to

373 time, to issue bonds, notes or other obligations the interest on which  
374 shall be includable in the gross income of the holder or holders of such  
375 bonds, notes or other obligations under the Internal Revenue Code of  
376 1986 or any subsequent corresponding internal revenue code of the  
377 United States, as from time to time amended, and in the same manner  
378 that interest on bills, bonds, notes or other obligations of the United  
379 States is includable in the gross income of the [holders] holder or  
380 holders thereof under said Internal Revenue Code; the state hereby  
381 consents to such inclusion only for the bonds, notes and other  
382 obligations of the corporation authorized by this [subsection] section.

383 (p) In connection with, or incidental to, the issuance or carrying of  
384 bonds, notes or other obligations, or acquisition or carrying of any  
385 investment or program of investment, the corporation may enter into  
386 any contract with [the] any financial institution having a rating of at  
387 least [AA] "A", or into any contract secured by security so rated, which  
388 the corporation determines to be necessary or appropriate to place the  
389 obligation or investment of the corporation, as represented by the  
390 bonds, notes or other obligations, investment or program of  
391 investment and the contract or contracts, in whole or in part, on the  
392 interest rate cash flow or other basis desired by the corporation.

393 (q) In connection with, or incidental to, the issuance or carrying of  
394 bonds, notes or other obligations or entering into any of the contracts  
395 or [agreement] agreements referred to in subsection (p) of this section,  
396 the corporation may enter into credit enhancement or liquidity  
397 agreements, with payment, interest rate, security, default, remedy and  
398 other terms and conditions as the corporation determines.

399 (r) The state [further] covenants with the purchasers and all other  
400 subsequent owners and transferees of bonds, notes or other obligations  
401 issued by the corporation pursuant to this section, in consideration of  
402 the acceptance of and payment for the bonds, notes or other  
403 obligations, until the bonds, notes or other obligations, together with  
404 the interest thereon, with interest on any unpaid installment of interest

405 and all costs and expenses in connection with any action or proceeding  
 406 on behalf of the owners, are fully met and discharged or unless  
 407 expressly permitted or otherwise authorized by the terms of each  
 408 contract and agreement made or entered into by or on behalf of the  
 409 corporation with or for the benefit of such owners, that the state: [(i)]  
 410 (1) Will not create or cause to be created any lien or charge on the  
 411 assets or revenues pledged to secure such bonds, notes or other  
 412 obligations, other than a lien or pledge created thereon pursuant to this  
 413 section; [(ii)] (2) will not in any way impair the rights, exemptions or  
 414 remedies of the owners; and [(iii)] (3) will not limit, modify, rescind,  
 415 repeal or otherwise alter the rights or obligations of the corporation to  
 416 take such action as may be necessary to fulfill the terms of the  
 417 resolution authorizing the issuance of the bonds, notes or other  
 418 obligations; provided, that nothing herein shall preclude the state from  
 419 exercising its power, through a change in law, to limit, modify, rescind,  
 420 repeal or otherwise alter this chapter if and when adequate provision  
 421 shall be made by law for the protection of the holders of outstanding  
 422 bonds, notes or other obligations, pursuant to the resolution under  
 423 which the bonds, notes or other obligations are issued. The corporation  
 424 is authorized to include this covenant of the state, as a contract of the  
 425 state, in any agreement with the owners of any bonds, notes or other  
 426 obligations, in any credit facility or reimbursement agreement with  
 427 respect to the bonds, notes or other obligations and in any agreement  
 428 authorized by subsection (p) or (q) of this section.

429 (s) The provisions of this [section] chapter shall be deemed to  
 430 provide a complete, additional and alternative method for the actions  
 431 and the things authorized thereby and shall be regarded as  
 432 supplemental and additional to powers granted by other laws; the  
 433 issuance of bonds, notes or other obligations under the provisions of  
 434 this [section] chapter need not comply with the requirements of any  
 435 law applicable to the issuance of bonds, notes or other obligations. This  
 436 [section] chapter, being necessary for the welfare of the state and its  
 437 inhabitants, shall be liberally construed to [effect] affect its purpose.  
 438 None of the powers granted to the corporation under the provisions of

439 this [section] chapter shall be subject to the supervision or regulation  
440 or require the approval or consent of any municipality or political  
441 subdivision or any department, division, commission, board, body,  
442 bureau, official or agency thereof or of the state, and the exercise  
443 thereof shall not cause the corporation to be construed to be an agency  
444 within the scope of [section] chapter 54 or a department, institution or  
445 agency of the state.

446 Sec. 6. Section 10a-205 of the general statutes is repealed and the  
447 following is substituted in lieu thereof (*Effective July 1, 2005*):

448 (a) Any loan made or guaranteed by the corporation shall bear  
449 simple interest at a rate not in excess of the rate provided in Title IV,  
450 Part B of the Higher Education Act of 1965, where applicable. Loans  
451 not governed by Title IV, Part B of said act shall bear simple interest at  
452 a rate that is in compliance with state or federal consumer lending  
453 laws, where appropriate.

454 (b) In the case of loans made by the corporation, the rate of simple  
455 interest charged to the borrower and the term of the loan shall be at the  
456 discretion of the board but shall not exceed the rate or term provided  
457 by the provisions of Title IV, Part B of the Higher Education Act of  
458 1965, where applicable. Loans not governed by Title IV, Part B of said  
459 act shall bear simple interest at a rate and shall have a term that is in  
460 compliance with state or federal consumer lending laws, where  
461 appropriate.

462 [(c) The corporation shall at all times maintain an adequate  
463 restricted fund in an amount to be determined by the board which  
464 fund shall be the total of (1) the amount of funds held in the restricted  
465 fund by the corporation and (2) the amount of bonds authorized for  
466 issuance by the State Bond Commission the proceeds of which are to  
467 be deposited in the restricted fund.]

468 (c) The corporation shall at all times maintain its funds in  
469 accordance with the requirements set forth in Title IV, Part B of the

470 Higher Education Act of 1965, where applicable.

471       Sec. 7. Section 10a-206 of the general statutes is repealed and the  
472 following is substituted in lieu thereof (*Effective July 1, 2005*):

473       (a) The terms and conditions of any loan made or guaranteed by the  
474 corporation in accordance with the provisions of Title IV, Part B of the  
475 Higher Education Act of 1965 shall be governed by the provisions of  
476 Title IV, Part B of the Higher Education Act of 1965. The terms and  
477 conditions of any other loan made, guaranteed or serviced by the  
478 corporation shall be determined by the board in a manner consistent  
479 with the provisions of this chapter.

480       (b) Notwithstanding anything to the contrary provided in this  
481 section, the corporation may make or guarantee a loan under terms  
482 and conditions with respect to repayment which are more lenient or  
483 more restrictive as to the borrower than prescribed by this section if  
484 the board determines that such action on its part conforms to Title IV,  
485 Part B of the Higher Education Act of 1965, where applicable.

486       [(c) The corporation shall, in accordance with such regulations  
487 establishing maximum income limitations and criteria concerning  
488 federal interest subsidies pursuant to the federal Higher Education Act  
489 of 1965, as amended, as the corporation shall adopt and upon the  
490 satisfactory completion by any borrower of a program for which such  
491 loan was made, at the close of the repayment period of the contract of  
492 such borrower, repay the borrower ten per cent of the total amount  
493 required to be repaid by such borrower, provided such borrower is a  
494 resident of this state at the time of application, except that no such  
495 payments shall be made for any loan for which application is made for  
496 any academic period beginning on or after July 1, 1979.]

497       Sec. 8. Section 10a-210 of the general statutes is repealed and the  
498 following is substituted in lieu thereof (*Effective July 1, 2005*):

499       (a) The corporation shall make an annual report, on or before



500 December thirty-first for the fiscal year ending September thirtieth, of  
501 its condition to the Governor, as provided in section 4-60, to the Board  
502 of Governors of Higher Education and to the General Assembly. The  
503 report shall include, in addition to the corporation's financial  
504 statement, [a description of the organization, including the number of  
505 employees and functions, data on the number and amounts of loans in  
506 default and the results of collection activities undertaken by the  
507 corporation or on behalf of the corporation] a copy of the report that  
508 the corporation submits annually to the United States Department of  
509 Education.

510 (b) The board shall review, at least once during each calendar  
511 quarter, the actual operating budget of the corporation to ensure that  
512 revenues and expenditures are [remaining within] reasonable and  
513 relevant to annual budget projections.

514 [(c) The corporation, in its discretion, may continue, transfer,  
515 guarantee or administer any loans for education granted prior to July  
516 1, 1965, to borrowers who qualify hereunder. Any public or private  
517 loan fund which desires to transfer its assets to the corporation may do  
518 so, and the corporation may assume the guarantees and other  
519 obligations of such fund then outstanding in each case upon such  
520 terms and conditions as the board shall prescribe.]

521 Sec. 9. Section 10a-211 of the general statutes is repealed and the  
522 following is substituted in lieu thereof (*Effective July 1, 2005*):

523 The corporation and its corporate existence shall continue until  
524 terminated by law upon a finding that there no longer exists any need  
525 for such a corporation; provided no such law shall take effect so long  
526 as the corporation shall have bonds, notes or other obligations  
527 outstanding. For the purpose of this section, any appropriation or  
528 advance made to the corporation by the state, which has not been  
529 repaid, shall not be deemed to be an outstanding obligation of the  
530 corporation. Upon the dissolution of the corporation or the cessation of  
531 its activities all the assets, property and moneys of such corporation

532 shall be [vested in the General Fund, except that any funds received by  
533 the corporation as gifts, grants, bequests, devises or contributions shall  
534 be] paid over, upon dissolution, to the respective undergraduate  
535 scholarship funds of higher educational institutions located in  
536 Connecticut, gifts to which are deductible or exempt from income,  
537 estate and succession taxation as more specifically described in  
538 Sections 170(c)(2), 501(c)(3) and 2055(a)(2) of the Internal Revenue  
539 Code of 1986, or any subsequent corresponding internal revenue code  
540 of the United States, as from time to time amended, and section 12-347,  
541 in such proportions as a majority of the board shall in its absolute  
542 discretion determine.

543 Sec. 10. (NEW) (*Effective July 1, 2005*) If a state educational  
544 institution offers a list of eligible education loan lenders, preferred  
545 lenders or guarantors to students who are attending or are planning to  
546 attend such institution, the institution shall include the Connecticut  
547 Student Loan Foundation on such list of eligible education loan  
548 lenders, preferred lenders or guarantors.

549 Sec. 11. Sections 10a-204a and 10a-213 to 10a-215, inclusive, of the  
550 general statutes are repealed. (*Effective July 1, 2005*)

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>July 1, 2005</i>	10a-201
Sec. 2	<i>July 1, 2005</i>	10a-202(f)
Sec. 3	<i>July 1, 2005</i>	10a-203(a)
Sec. 4	<i>July 1, 2005</i>	10a-204
Sec. 5	<i>July 1, 2005</i>	10a-204b
Sec. 6	<i>July 1, 2005</i>	10a-205
Sec. 7	<i>July 1, 2005</i>	10a-206
Sec. 8	<i>July 1, 2005</i>	10a-210
Sec. 9	<i>July 1, 2005</i>	10a-211
Sec. 10	<i>July 1, 2005</i>	New section
Sec. 11	<i>July 1, 2005</i>	10a-204a and 10a-213 to 10a-215 repealed

***Statement of Purpose:***

To amend and update the statutes governing the Connecticut Student Loan Foundation to allow the foundation to enhance, expand and improve education financing programs and services in conformance with current education loan and capital market practices, to eliminate outdated references and to make technical corrections.

*[Proposed deletions are enclosed in brackets. Proposed additions are indicated by underline, except that when the entire text of a bill or resolution or a section of a bill or resolution is new, it is not underlined.]*